

SECTION III
PART III

AUDITED FINANCIAL STATEMENTS RELATING TO THE
PROJECT PREPARED BY ARTHUR YOUNG AND CO.

ARTHUR YOUNG

ARTHUR YOUNG & COMPANY
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NATIONAL BUILDING
1900 FIFTH AVENUE NORTH
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The Partners
Imperial Plaza Associates

We have examined the accompanying statements of assets, liabilities, and partners' capital of Imperial Plaza Associates (a limited partnership) at December 31, 1982 and 1981, and the related statements of revenues and expenses and changes in partners' capital and increases and decreases in cash for the years then ended, all prepared on the basis of accounting used for income tax purposes. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 1, the Partnership's policy is to prepare its financial statements on the accounting basis used for income tax purposes; consequently, depreciation and certain other items are presented in accordance with income tax regulations. Accordingly, the accompanying financial statements are not intended to present financial position and the results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements mentioned above present fairly the assets, liabilities, and partners' capital of Imperial Plaza Associates at December 31, 1982 and 1981, and revenues and expenses, changes in partners' capital and increases and decreases in cash for the years then ended, on the basis of accounting described in Note 1, applied on a consistent basis during the period.

March 7, 1983

Arthur Young & Company

INTERSTATE PLAZA ASSOCIATES
(A limited partnership)

**STATEMENTS OF ASSETS, LIABILITIES AND PARTNERS' CAPITAL -
TAX BASIS**

December 31, 1982 and 1981

ASSETS

	<u>1982</u>	<u>1981</u>
Cash	\$ 208,860	\$ 17,597
Restricted cash	675,790	513,484
Short term investments	1,024,228	955,479
Accounts receivable	6,736	68,367
Prepaid expenses	84,859	64,043
Property and equipment:		
Land	2,000,000	2,000,000
Buildings	18,391,658	18,371,308
Furniture and equipment	124,045	67,326
Less accumulated depreciation	20,515,703	20,438,634
Net property and equipment	3,714,941	2,219,313
	<u>16,800,762</u>	<u>18,219,321</u>
Deferred charges, net of amortization of \$200,750 in 1982 and \$127,750 in 1981	420,250	493,250
	<u>\$19,221,485</u>	<u>\$20,331,541</u>

LIABILITIES AND PARTNERS' CAPITAL

Accounts payable	\$ 189,258	\$ 36,068
Accrued interest	52,538	57,861
Accrued liabilities	77,986	125,215
Tenant security deposits	173,415	137,310
Demand note payable to affiliate	125,000	125,000
Mortgages payable	14,886,258	15,048,283
	<u>15,504,455</u>	<u>15,529,737</u>
Partners' capital	3,717,030	4,801,804
	<u>\$19,221,485</u>	<u>\$20,331,541</u>

See accompanying notes.

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN
PARTNERS' CAPITAL - TAX BASIS

For the years ended December 31, 1982 and 1981

	<u>1982</u>	<u>1981</u>
Revenues:		
Rental income	\$ 4,066,233	\$ 3,736,381
Other income	297,309	264,207
	<u>4,363,542</u>	<u>4,000,588</u>
Expenses:		
Depreciation and amortization	1,568,628	1,554,936
Interest	1,315,183	1,331,561
Utilities	576,718	462,419
Salaries	371,022	350,088
Taxes and licenses	238,055	244,827
Management fees	206,615	189,943
Maintenance and repairs	182,840	174,141
Administrative	65,385	69,294
Insurance	20,105	19,938
	<u>4,544,551</u>	<u>4,397,147</u>
Excess of expenses over revenues	(181,009)	(396,559)
Partners' capital, beginning of period	4,801,804	5,749,894
Distributions to partners	<u>(903,765)</u>	<u>(551,531)</u>
Partners' capital, end of period	<u>\$ 3,717,030</u>	<u>\$ 4,801,804</u>

See accompanying notes.